

Minutes
Otay Ranch POM PMT Meeting
County Administration Center, Room 302/303
1600 Pacific Highway
San Diego, CA 92101

October 29, 2008
2:00-4:00pm

Approved by POM PMT on 01/23/09
Motion to approve by City of Chula Vista/GARY HALBERT
Motion Seconded by County of San Diego/CHANDRA WALLAR
Motion carried.

ATTENDEES:

City of Chula Vista

Scott Tulloch, Interim City Manager
Jill Maland, Deputy City Attorney
Marisa Lundstedt, Principal Planner
Josie McNeeley, Associate Planner
Tessa Quicho, Administrative Analyst
Amy Partosan, Administrative Analyst

County of San Diego

Chandra Wallar, Deputy Chief Administrative Officer, Land Use & Env. Group
Renée Bahl, Director, Department of Parks and Recreation (DPR)
Mark Mead, County Counsel
LeAnn Carmichael, Planning Manager, Department of Planning and Land Use
Larry Duke, District Park Manager, DPR
Cheryl Goddard, Land Use Environmental Planner, DPR

Public

Jill Terp, USFWS – San Diego National Wildlife Refuge
Tom Tomlinson, McMillin Companies
Justin Craig, McMillin Companies
Rikki Schroeder, RMA for McMillian Companies
Kim Kilkenny, Otay Ranch Company
Ranie Hunter, Otay Ranch Company
Rob Cameron, Otay Ranch Company
Sean Kilkenny, Otay Ranch Company
Curt Noland, Otay Land Company

Agenda Item Numbers noted in parentheses

1. Call to Order

(I.) Meeting called to order at 2:00 pm by County of San Diego/CHANDRA WALLAR.

2. (II.) WALLAR motioned to approve the meeting minutes. Motion seconded by City of Chula Vista/SCOTT TULLOCH. Motion carried.

3. Public Comment on items not related to Agenda

(III.) WALLAR opened and closed with no comment.

4. Status Report

(IV.A.1.a) County of San Diego/LEANN CARMICHAEL reported on the Board Policy I-109 Otay Ranch Implementation Document Amendment (*initiated by the County of San Diego*) - Adoption of Phase 2 RMP and Preserve Boundary Modifications - CARMICHAEL stated that the updates to Phase 2 RMP be completed in Spring 2009.

(IV.A.1.b) CARMICHAEL reported that the Applicant for Village 13, the Otay Ranch Company, is working with County staff to bring forward studies as they are completed. They are to submit by March 2009.

(IV.A.1.c) CARMICHAEL reported that the County's Wolf Canyon Vacation/Replacement application is pending on reaching resolution on future infrastructure.

(IV.A.2.2) City of Chula Vista/JOSIE MCNEELEY reported that the City is in line with the County's Wolf Canyon Vacation/Replacement application and are also in a holding pattern until the issue of future infrastructure is resolved. The City will coordinate with County staff as hearing dates are scheduled.

(IV.B.1) County of San Diego/CHERYL GODDARD reported on the status of pending conveyances. GODDARD stated that there are approximately 1,500 acres that are pending conveyance due to outstanding issues. Outstanding issues include future infrastructure, access issues, and a vacation/replacement process.

GODDARD reported that there are approximately 114 acres that are pending conveyance due to the issue of future infrastructure. These lands include 41 acres offered by Brookfield Shea in the Salt Creek area and 73 acres offered by Otay Ranch Company in Wolf Canyon. Pending resolution by the POM Policy Committee on the issue of future infrastructure, POM Staff anticipates these lands to be accepted and transferred in fee title in 2009.

GODDARD reported that there are 109 acres that are pending conveyance due to the issue of future infrastructure and the property has a Wildlife Agencies' restoration requirement. The property is in year 5 of a 5 year

success criteria for wetland restoration. POM Staff anticipates this land to be transferred in fee title in 2010.

GODDARD reported that there are 405 acres that are pending conveyance due to access issues in which the developer, Otay Ranch Company, is in the process of providing access easements to the property. POM Staff anticipates these lands to be transferred in fee title in 2009.

GODDARD reported that there are 350 acres that are pending conveyance due to access issues in which POM Staff is working with the developers, Otay Ranch Company and McMillin Companies, to obtain legal access to the proposed conveyance lands. POM Staff is working with the City of San Diego Water Department and the California Department of Fish and Game office to discuss legal access options. POM Staff anticipates these lands to be transferred in fee title in 2009.

GODDARD reported that there are 558 acres that are pending conveyance due to a vacation and replacement process. These lands are located directly north of Village 13. These lands will not be accepted until the Village 13 development and Preserve footprint are considered and approved by the County Board of Supervisors. POM Staff anticipates these lands to be transferred in fee title in 2010.

GODDARD summarized the pending conveyances. There are 1,536 acres that are pending conveyance. 869 acres are anticipated to be transferred in fee title in 2009. Of the 869 acres, 114 acres are pending due to future infrastructure issues alone. 667 acres are anticipated to be transferred in fee title in 2010.

(IV.B.2) MCNEELEY reported on the meeting held with POM Staff and Wildlife Agencies' Staff. The County and the City have served as the POM over the last 12 years. Pursuant to the Otay Ranch Joint Powers Agreement (JPA), under Section 2, the functions and role of the POM are to be re-evaluated every 5 years. The City has initiated discussions with the County to determine what the future approach of the POM should be, i.e. if the County and the City should continue to serve as the POM under the existing structure. POM Staff has looked at options including the National Wildlife Refuge taking over POM responsibilities for those lands east of Otay Lakes, assigning a third-party POM which would terminate the existing JPA, and the possibility of splitting the Preserve responsibilities so that the City is responsible for managing and monitoring those Preserve lands within the City's jurisdiction and the County will be responsible for the Preserve lands within the unincorporated County. These are initial discussions with the County. POM Staff has scheduled a meeting with the Wildlife Agencies for early November to obtain their input. POM Staff will keep the PMT apprised of the discussions with the Wildlife Agencies.

WALLAR asked if both County and City staff will be present at the meeting with the Wildlife Agencies.

MCNEELEY stated yes.

TULLOCH stated that this item is listed on the draft Policy Committee agenda handout but that the PMT should agree that POM Staff come back and present the different POM structure options to the PMT at its next meeting. The item should also remain on the Policy Committee agenda to let them know the status of this item.

WALLAR agreed.

(IV.C.1) GODDARD reported on the status of the future infrastructure issue. At the last Policy Committee meeting held in July, the Policy Committee was not able to reach resolution on this item and directed POM Staff to continue discussions on future infrastructure. Since that meeting, the County and the City's legal staff have continued discussions; the City's attorney provided a letter to County Counsel last week outlining the City's position; after the July 17th Policy Committee meeting, County proposed mediation prior to the next Policy Committee meeting however the City proposed that mediation be considered upon adoption of Dispute Resolution Process by the Policy Committee at their next meeting scheduled for November 20th.

WALLAR stated that not much has changed since the PMT last met. WALLAR asked County of San Diego County Counsel/MARK MEAD if he had the opportunity to review the letter from the City's Attorney.

MEAD stated that he has reviewed the letter from City of Chula Vista Deputy City Attorney/JILL MALAND and that it is similar to the position held by former City Attorney Ann Moore. The County and the City continue to disagree. The County's position is that future infrastructure is a property rights issue not a land use regulations issue. The issue is two joint property owners agreeing to the location of an easement, it has nothing to do with land use regulations.

MALAND requested that legal staff have an opportunity to further discuss the option of condemnation in the context related to POM lands and future infrastructure. In the City's perspective, condemnation is an untenable solution in that there would be a significant amount of time and money needed to resolve the issue of locating an easement anytime the two property owners can't come to resolution on a location. In regards to the property rights position, the City believes that the Policy and regulatory documents provide a significant amount of requirements and limitations upon where an easement can be sited so even as the property owner(s) we would be working within the confinement of those restrictions, and ultimately regardless of who the property owner is the jurisdiction having land use authority would

have the final approval authority on the easement location. The City's position has not changed. The conveyance documents should specify an easement for the future infrastructure, we hope that the County and the City agree to this, and if they are not able to then the final approval authority lays with the jurisdiction having land use authority.

WALLAR stated that we have come full circle on this issue. Before Ann Moore had retired from the City, she had stated it was her desire that the incoming attorney have an opportunity to review the issue. The County and the City's position have not changed. WALLAR asked POM Staff what this will do to the timeline of pending conveyances in which future infrastructure is the only outstanding issue.

GODDARD stated that the City proposes using mediation after the Policy Committee has considered the proposed Dispute Resolution Process. The Policy Committee is scheduled to meet on November 20th. If the Policy then directs staff to utilize mediation, POM Staff anticipates mediation to occur in January. POM Staff will report back to the PMT and Policy at their next meetings in February or March. Upon the Policy Committee reaching resolution on future infrastructure, POM Staff anticipates the transfer of fee title to the 114 acres within 3-4 weeks.

MALAND stated that in order to speed up the timeline, the City offers to schedule mediation for a date subsequent to the Policy Committee meeting. Then the POM is not held up any further. This is in anticipation that the Policy Committee will approve a dispute resolution process. Once a dispute resolution process is approved, POM Staff can participate in mediation. Since the mediation session will already be scheduled, POM Staff won't have to wait until after the Policy Committee is over to schedule the meeting which may take another month or so to get on the mediator's calendar. This will help speed up the process.

WALLAR asked what the risks are in regards to costs of scheduling a mediation session if the Policy Committee decided not to adopt the dispute resolution process. Is there a fee to cancel a mediation session?

MALAND stated that it is up to the individual mediator but that is something that can likely be worked out by informing the mediator of the situation. Mediators have not yet been contacted.

TULLOCH stated that the proposed Policy Committee agenda lists Future Infrastructure under both status report and policy decision. Since the same ground will be covered, Future Infrastructure should be listed as a policy decision issue. This will allow the Policy Committee an opportunity to possibly resolve the issue at their next meeting and if they can't come to resolution, then the Policy Committee can then direct staff to participate in mediation.

WALLAR agreed but stated that the Policy Committee does not need to direct staff to utilize mediation, it is not a requirement. If we can schedule a mediation session sooner and try and reach consensus at a staff level or even just hear the mediator's evaluation, then it can be presented to the Policy Committee for their consideration.

MALAND stated the Policy Committee directed staff to draft a dispute resolution process to include mediation and bring it back to the Policy Committee for their review and consideration. The City also recommends that the dispute resolution process be implemented as an amendment to the JPA which will require Policy Committee direction.

WALLAR stated that staff definitely needs to keep moving forward on the issue of future infrastructure as there are developers, many in today's audience, that are interested in seeing this issue resolved.

TULLOCH stated that there will likely be some disagreement on the next item, Dispute Resolution Process, in regards to when you participate in mediation. Who can direct staff to participate in mediation? Will it be at the PMT level, will both the PMT and Policy Committee need to provide direction, or is it just the Policy Committee that can direct staff to participate in mediation?

5. Policy Decision Issue

(V.A.) MCNEELEY reported on the proposed Dispute Resolution Process and provided background information on this item. The JPA requires a unanimous vote by the Policy Committee to set policies related to the POM. The JPA does not have a process in place to resolve issues in which POM Staff, the PMT, or the Policy Committee is unable to reach consensus. The Policy Committee directed staff to draft a dispute resolution process to include non-binding mediation to be presented back to the Policy Committee.

MCNEELEY stated that the City's dispute resolution proposal includes that the County and the City, as the POM, must agree to a neutral third party mediator; each party pays for ½ of the cost of the mediation session; the mediation outcome is non-binding; and if consensus still cannot be reached, the PMT is to recommend alternative action. The alternative actions are listed in the handout. The dispute resolution process may be implemented by amending the JPA which shall require Board and City Council action or the Policy Committee may adopt and implement the process as a POM Policy.

MCNEELEY stated that the City's recommendation is to approve the POM Dispute Resolution Process as outlined in the City's proposal dated October 22, 2008 and preferred implementation method and direct POM staff to bring forward to the Policy Committee for their consideration. The City recommends that the dispute resolution process be implemented by amending the JPA so that the process is memorialized in the JPA.

WALLAR asked for clarification on the City's proposed implementation method. WALLAR asked if the City is recommending that the dispute resolution process be implemented by amending the JPA rather than having the Policy Committee adopt it as a POM Policy.

MCNEELEY stated yes. The JPA should be amended to memorialize the process since the JPA currently does not identify a dispute resolution process.

TULLOCH stated that a dispute resolution process is significant enough to be included in the JPA. Amending the JPA to include the process will also insure that important policies are located in one document.

GODDARD reported on the County's dispute resolution process. The County agrees with the City's proposal with modification. The modification includes that the PMT has the ability to direct POM staff to participate in mediation. The City's proposal only allows the Policy Committee to direct staff to participate in mediation. It is the County's position that if the PMT is able to direct staff to participate in mediation it may assist in staff bringing a unified recommendation to the Policy Committee. The County also proposes that each jurisdiction, not the Policy Committee, determines the maximum amount that it may spend on the mediation. It is the County's position that the Policy Committee does not have the authority to determine a maximum amount a jurisdiction can spend on operational costs such as the use of mediation. The Policy Committee may provide direction over the use of CFD 97-2 funds but does not have authority to direct the use on a jurisdiction's operational budget. The last modification is to replace the following alternative action: "refer the matter to the legislative bodies of the City and the County for direction" with "refer the matter to the Otay Ranch Sub-Committee as established by County Board of Supervisors Policy I-109". Board of Supervisors Policy I-109 is included as a handout. It is the County's position that the Otay Ranch Sub-Committee is a more appropriate group to refer Otay Ranch matters to than the legislative bodies of the City and the County.

GODDARD stated that the County's recommendation on the dispute resolution process is to approve the POM Dispute Resolution Process as outlined in the City's proposal dated October 22, 2008 with the County's modifications dated October 29, 2008 and preferred implementation method and direct POM staff to bring forward to the Policy Committee for their consideration.

WALLAR asked for clarification on the maximum amount to be set on the use of mediation. WALLAR asked if the money used to cover the cost for the mediation is jurisdictional funds, not POM CFD funds.

GODDARD stated that is correct.

WALLAR clarified then that since it is jurisdictional funds being used, that each jurisdiction, not the Policy Committee, should determine the maximum amount to be used on mediation.

TULLOCH stated that in regards to the PMT directing staff to participate in mediation, it was the City's position that if the PMT could not come to consensus that it be taken to the Policy Committee to see if they could come to resolution. If they are able to come to resolution, it avoids the cost of mediation. However if the PMT members agreed unanimously to use mediation before presenting to the Policy Committee then the City is agreeable to that. If the PMT could not agree on the use of mediation then it would be up to the Policy Committee to decide.

WALLAR agreed.

TULLOCH had a question in regards to setting a maximum amount to be used on mediation. TULLOCH asked what happens if one party wants to spend \$100 on mediation and the other party only wants to spend \$50. Does that mean the maximum amount to be spent is \$50 or could the party who wants to spend \$100 go ahead and spend more? The proposal currently reads that each party is to pay for ½ the cost of the mediation. There may be a situation where the County wants to spend more than the City.

WALLAR stated that maximum amount should be whatever the lower the amount is unless the other party is willing to pay for the difference. One jurisdiction can't force the other to spend more than what they are willing to pay.

TULLOCH is in agreement that each jurisdiction determines the maximum amount to be spent on mediation.

MALAND stated that the basis for the Policy Committee level input on the cost is that they would have a more intimate knowledge of the nature of the dispute and could estimate the amount of time and cost to be dedicated to the dispute. The Policy Committee may not be able to authorize the maximum amount but they may provide a recommendation back to the legislative bodies for a maximum amount.

WALLAR stated that she is comfortable at her level to determine a maximum amount to be spent on mediation if both PMT members unanimously agree to use mediation. WALLAR has the existing authorization to fund the mediation and would not need to make a recommendation to the Policy Committee or Board of Supervisors.

TULLOCH stated that if staff takes a recommendation to the Policy Committee and then takes the recommendation to the legislative bodies that

the Policy Committee members will be sitting as members of their respective legislative bodies.

WALLAR stated that she has the existing authorization under the Land Use and Environment Group to fund the mediation and would not need to go to the Board of Supervisors for authorization.

TULLOCH asked for clarification regarding when the jurisdiction is to determine the maximum amount, the County is not referring to the elected officials.

WALLAR clarified that in the County's perspective "jurisdiction" refers to whatever authority the PMT and Policy Committee is granted.

TULLOCH stated that it depends on the limit amount. It's possible that the maximum amount may exceed the authorization level granted to us at our staff level.

WALLAR stated that in her experience with mediation, the first round is usually not more than \$1,000. WALLAR estimates that the first round costs per party would be approximately \$500 to \$1000.

MALAND agrees that mediation typically runs approximately \$1000. Given the amount of time future infrastructure has been discussed by the POM it could exceed that cost estimate. The PMT may want to consider a higher amount.

WALLAR stated that the maximum cost should be discussed on a case-by-case basis by the PMT.

TULLOCH stated that if the PMT cannot reach consensus on an amount then the Policy Committee will need to provide direction.

WALLAR agreed.

TULLOCH stated in regards to the last County proposed modification, the City proposed as an alternative action, that the POM go to the full respective legislative body for each jurisdiction to obtain a recommendation on a specific dispute that cannot be resolved by the POM Policy Committee and the County is proposing that the POM go to a Sub-Committee consisting of two elected officials from each jurisdiction to obtain a recommendation. TULLOCH asked for clarification as to who will decide on the alternative action.

MCNEELEY stated that if the Policy Committee cannot reach consensus that they may direct the PMT to participate in one or more of the alternative action options.

TULLOCH stated that he is not opposed to adding the Sub-Committee alternative as an option to the alternative actions.

WALLAR stated that it sounds like staff has consensus on the dispute resolution process.

County of San Diego/RENÉE BAHLE stated that if the PMT agrees to use mediation on the future infrastructure issue and knowing that the Policy Committee directed staff to continue discussions in hopes of reaching resolution, does staff need to go back to the Policy Committee to ask if mediation can be utilized or can staff just start with mediation?

TULLOCH stated this is not what he is proposing. He PMT at this meeting had a second chance on the future infrastructure issues and the Policy Committee should as well. Staff will also present the dispute resolution process to the Policy Committee at their next meeting and it sounds like staff has consensus on that issue.

BAHLE stated that staff does not have any new information or perspective to bring to the Policy Committee. The County and the City have the same respective recommendations that were presented to the Policy Committee at their previous meeting.

TULLOCH asked for clarification. Is the County suggesting bringing forward the future infrastructure issue to the Policy Committee before staff has participated in mediation?

BAHLE clarified that staff should participate in mediation in regards to future infrastructure before it is presented to the Policy Committee again.

TULLOCH asked if the justification is that the POM fell on jurisdictional lines last time.

BAHLE added that staff does not have any new information to bring forward to the Policy Committee and that the Policy Committee directed staff to work out future infrastructure. Going back to the Policy Committee to ask if staff can participate in mediation seems like staff the process of trying to reach resolution is being delayed.

WALLAR stated that she thought the discussion on this item is in regards to what the dispute resolution process should look like and if staff can reach consensus on the dispute resolution process then there will be a subsequent discussion today in regards to directing staff to move forward with mediation.

WALLAR stated that she saw this as a two-step process. First agree upon a dispute resolution process and then second apply it to future infrastructure.

TULLOCH stated that his hesitation is that the Policy Committee has not approved the dispute resolution process and they were the ones who asked to see the process.

BAHL stated that the Policy Committee recommended using mediation.

City of Chula Vista/MARISA LUNDSTEDT stated that POM Staff has reviewed the Policy Committee meeting minutes and is in agreement that the Policy Committee suggested the use of mediation as an alternative but that they directed staff to come back with a dispute resolution process.

TULLOCH stated that what we can do is what was proposed earlier today. Staff will schedule a mediation session directly after the Policy Committee meeting scheduled for November 20th so that staff is ready to go.

WALLAR agreed. It will probably take that long to coordinate schedules. Staff should go ahead and schedule mediation for directly after the November 20th Policy Committee meeting.

WALLAR asked staff if they are clear on direction regarding changes to the dispute resolution process.

GODDARD summarized the changes. In regards to the first change, the PMT, on a unanimous vote, can direct staff to participate in mediation if staff and the PMT cannot reach consensus on an issue. The second change is for each jurisdiction to decide a maximum amount to be spent on mediation. These amounts will be discussed at the PMT level. If the PMT agrees to the amount, then the PMT may direct staff to move forward with mediation. If they cannot reach consensus on an amount, the issue will be presented to the Policy Committee for their consideration. For the last change, staff will add the "refer the matter to the Otay Ranch Sub-Committee as established by County Board of Supervisors Policy I-109" to the list of possible alternative action options.

TULLOCH stated that the PMT should establish a limit for future infrastructure. The City proposes a \$5,000 limit for each jurisdiction for a total of \$10,000. Staff may need to know this information as they are setting up the mediation session.

WALLAR agreed.

6. Finance

(VI.A.) MCNEELEY summarized the Fiscal Year 2007-2008 budget. At the last PMT meeting held in May, the City was closing out fiscal year books and provided estimated totals. The Powerpoint slide shows actual totals. The Fiscal Year 2007-2008 budget was \$300,000. The City went out to levy for \$382,623. The actual revenue collected totaled \$362,206 and the total expenditures totaled \$302,867. The beginning fund balance for Fiscal Year 2008-2009 is \$378,274. The finance handout shows actual line item costs. Administrative costs for Fiscal Year 2007-2008 exceeded the estimated budget by approximately \$13,000. This was due to policy issues that were addressed this year as well as time spent by the City's fiscal division and CFD consultant in preparing a CFD overview presentation. The Preserve Operations and Maintenance actual totals were approximately \$10,000 less than what was budgeted. The money was used to pay for the seasonal ranger, fence maintenance, minor equipment, and fence installation. The Monitoring total was \$110,000. The \$110,000 is encumbered in a contract. The consultant was paid \$50,000 last fiscal year and the remaining \$60,000 has been rolled over to the Fiscal Year 2008-2009 budget. The \$60,000 was levied during Fiscal Year 2007-2008.

MCNEELEY stated that the Fiscal Year 2008-2009 budget was reviewed at the last PMT meeting and unless there are questions the budget is shown on the handout.

WALLAR stated that she did not have questions on the Fiscal Year 2008-2009 budget but on the 5-year forecast.

TULLOCH stated that the Fiscal Year 2007-2008 revenue was in the \$360,000-\$380,000. The Fiscal Year 2008-2009 budget is in the \$500,000. TULLOCH asked if this was due to baseline survey one-time costs.

MCNEELEY stated that a Working Group met and the stakeholders provided input on priorities in implementing surveys. In addition, POM Staff considered lands that were anticipated to be transferred to the POM this year. In looking at the 2008-2009 budget, there is a line item titled Baseline Surveys budgeted for \$175,000. This is in anticipation that land will be conveyed to the POM and that surveys will need to be initiated.

TULLOCH asked if we are using fund balance that's carried over since the actual revenues are less than the budget.

MCNEELEY stated yes.

TULLOCH asked if the items listed on the right hand side of the finance handout reflect the projected Fiscal Year 2008-2009 budget.

MCNEELEY stated yes. The City went out to levy for \$510,339 for Fiscal Year 2008-2009. The City's finance staff reported an 8.17% delinquency rate during the last fiscal year. POM staff will incorporate this delinquency rate while drafting the Fiscal Year 2009-2010.

WALLAR stated that the PMT requested to see a 5-year forecast including projected revenue and expenditures at its last meeting held in May. WALLAR stated she is uncomfortable approving a budget in which she cannot see projected future revenues and expenditures. In particular, WALLAR would like to see projected reserve balances and CFD revenue amounts in light of the delinquency rates that were just reported. This information is imperative before a recommendation on the Fiscal Year 2009-2010 budget can be brought forward to the Policy Committee. WALLAR asked when will the PMT see the 5-year forecast.

MCNEELEY stated that City POM Staff is working with City finance staff and the CFD consultants to determine the levy amount that the City may go out for. Staff will factor in the delinquency rate and the development projections. Staff is in the process of drafting the forecast.

WALLAR asked when the PMT will see the 5-year forecast. WALLAR stated that she thought the PMT was going to be provided this information before today's meeting so that it could have been reviewed at this meeting. The Policy Committee meeting is scheduled for November 20th. Looking ahead at the Powerpoint a draft POM budget will need to be drafted by January 25th and there isn't another PMT or Policy Committee meeting scheduled after November 20th. It is budget crunch time.

MCNEELEY stated City staff will work with City finance staff to finalize budget timeline dates. The dates shown on the Powerpoint (January 25th – Draft POM Budget, February 15th – Final POM Budget, and April 15th – Anticipated Rollovers) are dates based on City Council hearing dates for Fiscal Year 2008-2009. The dates may be modified. Staff will work to schedule a PMT and Policy Committee meeting prior to January 25th.

WALLAR asked when the PMT will see the 5-year forecast.

MCNEELEY stated that staff will establish that date. City staff is working with City finance staff to determine when the City Council will be presented a POM budget amount.

WALLAR asked if the PMT will have at least a couple of weeks to review the 5-year forecast prior to presenting to the Policy Committee and that the Policy Committee will have time to provide input before the City takes the budget numbers to the City Council.

MCNEELEY stated staff will work to try and do so for the PMT.

TULLOCH stated that there is an approved Fiscal Year 2008-2009 budget. There is a concern regarding timelines for CFD execution and that the PMT and Policy Committee have an opportunity to review Fiscal Year 2009-2010 budget before levy amounts are introduced to the City Council.

WALLAR added that she also wants to insure that the CFD levy amount supports the estimated budget.

TULLOCH stated that another concern is that the PMT and Policy Committee have an opportunity to review a 5-year budget forecast. TULLOCH asked for clarification between the relationship of the 5-year budget forecast review and the review for next fiscal years budget.

WALLAR stated that part of the 5-year budget forecast is to review the fund balance amount and what that amount will look like in future fiscal years. WALLAR would like to see how the fund balance affects the CFD rates and what trends can be analyzed. Can the work plan be accomplished without having to increase and fluctuate the rates levied against the homeowners?

TULLOCH stated that if the POM could see if revenues were less than what was projected at the beginning of the fiscal year it would not only impact how that current fiscal year budget is spent but on the following fiscal years.

WALLAR agreed.

TULLOCH stated that the POM could then adjust and make different priority choices. TULLOCH asked if the current levy amount is close to its maximum amount.

MCNEELEY stated yes.

TULLOCH stated that if the CFD is close to the maximum then the only increase that will likely occur is from the automatic escalator. That will have an impact on future budgets. The maximum budget may not be able to support the work plan due to the delinquency rate.

WALLAR agreed. Work plans may need to be adjusted based on projected revenues. Having the 5-year budget forecast will allow the POM to prioritize tasks.

MCNEELEY stated that at the last PMT meeting, County and City staff disagreed on where CFD funds could be used. Since then the County and the City agree that the funds can be used for the operations, maintenance, and monitoring of lands conveyed to the POM. In addition the funds can be used for biota monitoring of pre-conveyed lands which are those lands still in private ownership. MCNEELEY stated that POM Staff would like to hold a

Working Group meeting to discuss the use of CFD funds, prioritize monitoring tasks, and discuss locations that may require adaptive management.

GODDARD stated this item will be discussed with the Wildlife Agencies at the meeting scheduled for November 5th. This will provide POM Staff to discuss and obtain Wildlife Agencies' staff initial input prior to meeting with the Working Group.

WALLAR stated that it is good to have consensus regarding where CFD funds may be used. WALLAR has a concern regarding scarce resources and what can be accomplished within the work plan. Tasks will need to be prioritized.

MCNEELEY agreed and stated that priority tasks will be reflected in the 5-year budget forecast.

(VI.B.) MCNEELEY state that POM Staff is preparing a 5-year forecast table illustrating the projected POM expenditures and estimated CFD levy amounts through FY2012/2013. POM Staff is continuing to review and modify the table accordingly. POM staff will need to come to agreement regarding the assumptions for the cost of surveys. City POM Staff will work with City finance staff to determine actual dates of when a draft POM budget is needed. Staff will provide this information to the PMT prior to introducing Fiscal Year 2009-2010 budget amounts to the City Council. The table will consider current survey and monitoring costs provided by individual Stakeholders. The table will also include estimated cost for monitoring based on input from the Working Group. POM staff will schedule a Working Group meeting prior to the next PMT meeting.

(VI.C.) MCNEELEY stated that the dates shown on the Powerpoint (January 25th – Draft POM Budget, February 15th – Final POM Budget, and April 15th – Anticipated Rollovers) are estimated dates based on City Council hearing dates used for the last fiscal year budget. City POM Staff will revisit these dates with City finance staff to determine if there is any flexibility in these dates. POM Staff will work to schedule a PMT and Policy Committee meeting prior to January 25th.

(VI.D) GODDARD stated that the County applied for a \$125,000 TransNet Environmental Mitigation Program Grant from SANDAG. This money is proposed to be used for Cactus wren habitat restoration efforts in Salt Creek. On September 26th, the SANDAG Board of Directors authorized SANDAG staff to begin the process of entering into a contract with the County. SANDAG staff indicated that the County will receive a copy of the contract within 3-4 weeks.

WALLAR asked if the current POM fiscal year budget has money allotted to support the Cactus wren habitat restoration effort in Salt Creek via dollar match or staff time.

MCNEELEY stated that this was discussed at the last Working Group meeting. Staff will need to look at the budget and determine expenditures to date to determine if there is extra money that can be allocated towards the effort in Salt Creek. POM Staff will discuss this item at the next Working Group meeting. City staff recommends that POM Staff discuss the reallocation of budget funds and any tasks that do not have a line item in the budget with the PMT and Policy Committee at their next meetings.

GODDARD stated that there is a line item in the Fiscal Year 2008-2009 budget totaling \$100,000 for expanded/enhanced biological surveys or active management.

MCNEELEY stated that that line item was included based on an understanding that County and City staff were not in agreement on where CFD funds could be used. This item should be discussed and revisited at the next PMT meeting.

7. Proposed Policy Committee Agenda

(VII.) GODDARD stated that the proposed Policy Committee Agenda is included as a handout. The next Policy Committee is scheduled for Thursday, November 20th in the County Administrative Center, Tower 7 from 2-5pm. GODDARD asked for clarification as to where the PMT preferred the future infrastructure item to be placed on the agenda.

TULLOCH stated that the agenda currently has future infrastructure listed under Status Report and Policy Decision Issues. TULLOCH recommended that the item be placed under Policy Decision Issues.

WALLAR agreed.

8. Next PMT Meeting

(VIII.) GODDARD stated that the next PMT meeting has not been scheduled. POM Staff will work to schedule upcoming POM meetings. As Interim City Manager, POM Staff will continue to work with TULLOCH'S calendar to schedule PMT meetings. Staff understands that Deputy Mayor Rindone will be termed out and a new City POM Policy Committee member will be assigned.

WALLAR stated that before staff can introduce a Fiscal Year 2009-2010 budget to the Policy Committee, the PMT will need to review the budget and the 5-year budget forecast. It is going to be imperative that the PMT have

that information and to schedule the PMT and Policy Committee meetings before a CFD 97-2 levy amount is introduced to the City Council.

BAHL stated that the PMT will likely need to meet in December so that the Policy Committee is able to meet in January or early February.

MCNEELEY stated that City staff will work immediately with City finance staff to determine the flexibility in budget deadlines.

WALLAR requested that the PMT be provided the budget and 5-year budget forecast at least 2 weeks before the scheduled PMT meeting.

9. Adjournment

(IX.) Motion to adjourn by TULLOCH at 3:52pm.

Motion seconded by WALLAR.

Motion carried.

ATTACHMENT A

MEETING SIGN-IN SHEET

Project: Otay Ranch Preserve Owner/Manager (POM)
Preserve Management Team Meeting

Meeting Date/Time: October 29, 2008, 2:00-4:00 pm

Place/Room: County Administration Center, Rooms 302/303, 1600 Pacific Highway, San Diego, CA 92101

Name	Organization	Phone	E-Mail
Cheryl Gooddard	COSD - DPR	(858) 966-1374	cheryl.gooddard@sdcounty.ca.gov
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Larry Duke	COSD - DPR	858 966-1363	Larry.Duke@sdcounty.ca.gov
Amy Partosan	City of C.V.	407-3599	apartosan@ci.chula-vista.ca.us
Tessa Quicho	"	691-5258	TQuicho@ci.chula-vista.ca.us
Jill Terp	USFWS - SONWR	619 4689245	jill-terp@fws.gov
Tom Tomlinson	McMillin	619 774-1304	TTomlinson@McMillin.com
Rikki Schroeder	RMA & MSH:llia	(760) 741-7462	rikki@mac3156e sbglobal.net
CURT NORLAND	OLC	760 918 8200	CNORLAND@HFC-CA.COM
Sean Kilbenny	ORC	619-234-4050	skilbenny@otayranch.ca
Kim Kilbenny	ORC	"	kim@otayranch.ca
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Justin Craig	McMillin	619-774-1323	jcraig@mcmillin.com